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A Post-Tsunami and Civil Conflict Approach

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**Migration & Development Linkage in Sri Lanka:
A Post-Tsunami and Civil Conflict Approach**

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Migration & Development Linkage in Sri Lanka: A Post-Tsunami and Civil Conflict Approach

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ADMINISTRATIVE MAP OF SRI LANKA



Source: <http://www.statistics.gov.lk/misc/slmap.pdf>

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Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
BoP	Balance of Payments
CBSL	Central Bank of Sri Lanka
FDIs	Foreign Direct Investments
IDPs	Internally Displaced People
GoSL	Government of Sri Lanka
HIV	Human Immunodeficiency Virus
LTTE	Liberation Tigers of Tamil Eelam
MTOs	Money Transfer Operators
NGOs	Non-governmental organizations
NRFC	Non resident foreign currency
STI	Sexually Transmitted Infections
SLBFE	Sri Lanka Bureau of Foreign Employment

1. Introduction

The relationship and operational prospects of the linkage between Migration and Development in Sri Lanka must be placed in the recent historical developments. These are characterized on the one hand by an enduring civil war, which has lasted for more than 20 years and has affected the formation of governments, development policies and international aid priorities, and, on the other, by the Tsunami that hit the country on December 26th 2004, and which has left thousands of families without shelter and destroyed their primary sources of livelihood. The economic and physical insecurity in the areas affected by the conflict and by the natural disasters have served as a push factor for people to migrate, and hundreds of thousands of people have already left to Southern India in search of asylum¹.

Although there are not clear-cut indications of a cause-effect relationship between the civil war and the tsunami on the one hand, and international migration on the other, the vulnerability of the Sri Lankan households has increased dramatically during the last two years and migration is increasingly used as a livelihood strategy to escape poverty, insecurity and instability, but it also represents a strategy to increase living standards by building a house and sending children to school.²

International migration from Sri Lanka is mainly female and directed towards West Asian countries to find work as domestic staff. Other destinations such as Singapore and Hong Kong are emerging. Female workers are younger than 40 years old, usually married with 2-3 children, with about 6-8 years of schooling and no marketable skills. Male labour migrants are generally younger and find occupation in South Korea and Malaysia where semi-skilled and better paid jobs in factories are offered.

Labour migration is highly regulated and the government organized a welfare and insurance system for migrant workers together with some basic training courses. However, illegal migration especially to Europe is rising and a reintegration/readmission agreement was signed by the EC on behalf of the Member States and the Government of Sri Lanka on 1 May 2005. Illegal or undocumented migration, especially of male workers, is estimated at about 10 per cent of total departures³.

There are indications of great needs in terms of improving the migration-development linkage and of increasing the developmental effect of migration in Sri Lanka. This will be outlined in the report. However, it should be underlined from the outset that whereas migration remains a

¹ According to the UN refugee agency UNHCR, some 128,000 Sri Lankan refugees are currently in 122 camps in south India. The UN-assisted program to repatriate and resettle them in their place of origin has been hampered by the escalation of conflict since December 2005.

² There is also another effect of Tsunami on migration: many people returned after the Tsunami in their village of origin to help with the reconstruction or for comforting/emotionally supporting the family members that survived, thus abandoning their migratory project. This has put further strain on the households, since the cost of sudden return and the expenses to re-start a normal life in the village of origin has increased their financial vulnerability. This may partly explain the increase in departures from Eastern provinces in 2005.

³ According to Delicato (2004), the number of vessels with Sri-Lankans on board, which reach Italian southern shores after having sailed through the Suez Canal, sharply increased in 2001 and, especially, 2002.

“national” issue, i.e. there are no particular geographical areas from where labour migration originates, the development priorities and efforts of the main bilateral and multilateral aid donors are concentrated in the areas affected by the war and the Tsunami.

Thus, integrating the migration dimension in the development process in Sri Lanka is an interesting case for how to provide concrete recommendations that can balance the current needs and priorities of the donor community with the needs and priorities that emerged with the study⁴.

2. Migration policies and their integration in national and/or international development strategies

Sri Lanka is a latecomer to the *development through migration* strategy. The earlier flows of migrant workers abroad started in the mid-1970's with the liberalization of the economy and of the restrictions on people movements. However, only in the mid-1980's did labour migration start to be an organized government strategy to both alleviate pressures on the local labour market and to receive foreign currency in the form of workers' remittances.

Gender inequality and under representation of women in political and decision-making bodies is a key aspect to understand migration dynamics in Sri Lanka. Over the last twenty years, women have joined the labour force faster than men. Despite achievements in educational attainments and increased participation in the labour force (from 23 per cent in 1981 to 36 per cent in the 1990's), women remain employed in low income and labour intensive sectors, such as export-oriented garment industries located in Free Trade Zones and housemaids abroad (Ukwatta, 2005).

There are also adverse effects related to migration (both internal and international). For example, Ukwatta (2005: 189) pointed out that the long-term departure of a parent or spouse has serious consequences: “apart from the emotional strain caused by the separation, domestic tasks have to be reassigned, especially if the migrant is the mother of young children”. Usually these tasks are taken over by the elder daughter, or by caregivers such as grandmothers and ultimately by the husbands. Other studies have demonstrated the increasing vulnerability of migrant women's children (both boys and girls) left behind to sexual harassment by extended and close family members⁵, coupled with lower educational attainments and increased temper tantrums. Studies show also increased use of alcohol and stress by the men left behind.⁶

Government reaction in Sri Lanka to the social consequences of migration is a mix of paternalistic and spontaneous behaviour. To react towards increasing concern over these issues, the government on March 8th 2007 passed a bill banning women with a child less than five years old to travel abroad for work, limiting in this way the opportunity of women that want to migrate and that are able to make the proper arrangements prior to departure.

⁴ Poverty and departures for foreign employment are geographically dispersed in the country and severe deprivation can be also found in the southern most areas of the country, in the North West and North Central provinces, and also in the District of Colombo and in districts of other Western Provinces (such as Kalutara and Gampaha)

⁵ Personal communication with Ms. Swarna Jayaweera, 6th March 2007; Silva *et al.* 2002.

⁶ Save the Children Sri Lanka, 2006.

2.1 Government Policy and Support Mechanisms for Migrant Seeking Employment Abroad

In the last two decades, the GoSL's attitude towards migration was to promote it and to make it safer for the workers (*see* Box 1). The GoSL signed the UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families in 1996, and ratified the Convention on Elimination of All Forms of Discrimination Against Women (CEDAW) in 1993, but has not ratified the ILO Conventions C.143 on Migrant Workers (Supplementary Provisions), 1975⁷.

BOX 1 - Taking a decision on migration

The Sri Lanka Bureau of Foreign Employment is the government arm to recruit temporary labour for employment abroad. In its internet website the pro-active strategy of the government in promoting migration as a livelihood strategy for the population, and as an economic development strategy for the country, is clearly stated. Below an extract from the Bureau home page:

[...] Having an opportunity for going abroad is really good for you. It will improve your quality of life.

1. You can save money and buy a land to build a house, start-up your own business, or achieve a better living standard.
2. Finding employment abroad is relatively easier than finding employment locally.
3. You can fulfil the needs of your family.
4. You could achieve the status and freedom you expect.
5. You could sometime gain more skills which could be used to find employment or start a self-employment locally.
6. You could also gain technical as well as language skill.

However before making a decision on migration, it is better for you to think carefully about:

1. If the decision to go abroad on employment will make you success
2. What about the wellbeing of your children;
 - ✓ Is the care-taker fit physically and morally, can he or she be trusted?
 - ✓ Will the health & wellbeing of your children (like Immunization, Illness, and gender sensitive matters) be taken care of?
 - ✓ Will they follow their day-to-day life (like schooling, extra activities) without interruption?
3. Can your spouse continue a normal day-to-day life without interruption?
4. Can you or your spouse live without each other during the period of employment abroad?
5. Will it affect anyone who needs your special attention (like parents, children, etc.)?
6. Don't you have jobs in Sri Lanka?
 - ✓ Did you consider them?
 - ✓ How can you acquire the necessary qualifications?
 - ✓ What are the available jobs that would best fit you?

You also must remember that:

1. Once you are employed abroad even if you want to be repatriated on your own or your family members will, the cost of repatriation would be very high.
2. The cost of finding an employment abroad could be very high. You must consider all expenses (like the cost for the passport, cost of travelling, cost initial preparation etc).
3. If you borrow a big amount of money by mortgaging or selling your property you might have to work for a certain period without being unable to save money for yourself, you may be obliged to work under unfavourable conditions.

If you have to return pre-maturely due any unforeseen reason you might loose the properties.

4. You might loose your skill if you go for a job which is less skilful (like a clerical worker going as a housemaid).

Source: SLBFE home page, www.slfbe.lk last visited on the 12 March 2007. The text has been left as the original.

⁷ Dias and Jayasundere, Genprom Working Paper No. 9, p. 7 (year unknown).

However, migrant workers are not covered by existing labour laws in Sri Lanka. The only existing legislation that applies to them is the Act of Parliament No. 21 of 1985 (amended by Act No. 4 of 1994) which covers all categories of migrant workers. Following this Act, a semi-government body, the Sri Lanka Bureau of Foreign Employment or SLBFE, was set up with the task of regulating, managing and promoting overseas employment. This, one can say, is the major achievement of the GoSL in managing migration and enhancing its positive aspects.

The SLBFE sets standards for, and negotiates contracts of, employment, enters into agreements with foreign authorities, employers and employment agencies, undertakes the welfare and protection of Sri Lankans employed overseas, provides assistance to those migrating for employment, and issues (or cancels) licenses for labour recruitment agencies.⁸

All workers leaving Sri Lanka must register at the SLBFE, irrespective of their source of recruitment and pay a registration fee according to the prospective salary. A migrant worker that is caught at the airport without a registration fee receipt is liable to imprisonment. The fee covers an insurance which provides compensation to the family in case of death (about 10,000 US\$), permanent total disablement (about 5,000 US\$), partial disablement as a consequence of serious illness (about 1,000 US\$) and about 2,500 US\$ for transport expenses.

Recruitment can be done through an individual sponsor, a government-to-government agreement (quota system), or through a licensed recruitment agency which is working with a corresponding importing labour agency in the destination country. The GoSL through the SLBFE tries to regulate and monitor the operations of private recruitment agencies to avoid prospective workers being given false information. Private sponsorship is the most difficult system to monitor, and it is often a cover mechanism to smuggle people, especially to Europe⁹.

According to the SLBFE, despite their efforts to make migration safer, the main problem lies in the absence of labour policies and codes safeguarding the migrant workers in many of the labour importing countries. This situation has led the GoSL to develop other mechanisms to protect its own labour force abroad.

Table 1 - Complaints Received by the SLBFE

Nature of Complaint	2003	2004	2005
Harassment (Physical and Sexual)	1,358	1,675	1,807
Deaths (Natural, Accidental, Suicides & Homicides)	123	123	667
Not sent back after completion of contract	151	191	667
Breach of contract	425	449	657
Non Payment of Agreed Wages	1,498	1,476	1,575
Sickness	435	559	575

Source: Sri Lanka Bureau of Foreign Employment (SLBFE)

⁸ See Cenwor webpage, www.cenwor.lk, last visited on 12 March 2007.

⁹ According to the chair of the Sri Lankan association in Italy, the cost for inviting a family member through a fake working contract is about €10,000. It takes at least two to three years to repay this debt, personal communication with Sudath Adikari 22nd February 2007.

To face the problem of increasing complaints, violence and harassment, the SLBFE has introduced several protective and welfare measures aimed at reducing the many irregularities and exploitation faced by migrant workers, and at creating a safety net to help in case of conflicts between employees and employers, harassment and violence. Some of these are as follows¹⁰:

- ✓ Compulsory registration with the Bureau for all persons taking foreign employment and strict monitoring at the Airport by SLBFE officials;
- ✓ An insurance scheme for migrant workers;
- ✓ A period of compulsory training prior to departure;
- ✓ Stipulation of minimum wages (130 US\$ for a domestic worker);¹¹
- ✓ Introduction of a contract registration scheme, which requires the verification of the credibility of prospective employers by Sri Lankan overseas missions prior to registration;
- ✓ Authentication of the agreement by the foreign sponsor/agent at the mission;
- ✓ Appointment of Welfare Officers to the Sri Lankan missions in Kuwait, Qatar, Oman, UAE, Saudi Arabia, Lebanon, Singapore and Jordan;
- ✓ Establishment of an Overseas Workers' Welfare Fund to provide 'safe' houses, legal assistance and repatriation of stranded workers;¹²
- ✓ Establishment of transit homes in Kuwait, Lebanon and Saudi Arabia;
- ✓ The establishment of a welfare centre with medical facilities near the airport in Katunayake to attend to the needs of migrant returnees;

Parallel to this, with the aim to promote legal labour migration and enhance the development impact of migration, the SLBFE has introduced some welfare schemes, such as:

- ✓ Scholarships to children of migrant workers;
- ✓ Material assistance to children of migrant workers;
- ✓ Low interest loans to migrant workers and their families;
- ✓ Provision of hostel facilities in Sri Lanka for children of migrant workers;
- ✓ Pre-departure training schemes in industrial sewing and domestic services for women (12 days for Middle Eastern migrants and 21 days for other destinations);
- ✓ Refresher courses for migrant workers leaving for a second time.

Some of these provisions are analysed below.

The training programs for domestic workers are compulsory. According to Dias and Jayasundere, in the 25 existing training facilities across the country 5,000 women attend courses every month on how to iron, use electrical kitchen appliances, clean, reproductive health, banking and basic elements of the foreign language of their destination. The study has also underlined that these training courses are more like orientation courses to the conditions the migrant workers will face abroad and how to deal with conflicts with the employer. The low educational level of people in these courses makes it difficult to raise the level and targets of the training.

¹⁰ See Cenwor webpage, www.cenwor.lk, last visited on 12 March 2007.

¹¹ The wages of Sri Lankan domestic workers are lower than those from other countries.

¹² "Safe houses" exist in Kuwait and Abu Dhabi. A safe house costs to the government about 100 US\$ per month/per person (personal communication with Mr. Harischandra Batagoda SLBFE General Manager, 7th March 2007).

In the training centre in Kegalle and Ratnapura (Central West districts) the SLBFE offers 41 days-full time training courses free of charge on how to operate sewing machines. This is the only programme also open to male migrant workers¹³.

Training curricula are not renewed very often and are very short. The time allocated to discuss central issues such as sexually transmitted diseases or how to deal with the banks is very limited. Even the trainers considered the time not enough to explain to the prospective migrant how to deal with these issues¹⁴. Training courses are only for female workers, though private recruitment agents have started to provide similar information during training courses for male prospective migrants.

Gradually, the SLBFE is introducing, with the support of external funds, other dimensions into the training schemes and information campaigns. For example, in 2000 the government launched with the support of UNAIDS/WHO a project to increase the awareness of social, economic and health aspects of HIV/AIDS among women migrant workers¹⁵.

Medical checks have also been introduced before departure, even though they are not compulsory for the GoSL¹⁶, with a twofold aim of curbing illegal recruitment practices and ensure that recruited workers are in good physical and mental health. On the contrary, in many recipient countries these checks are compulsory. For example, there are 10 private medical clinics, all based in Colombo, that are approved by the Gulf Cooperation Council and can issue the medical certificates which are recognized by the embassies processing the employment papers. These practices put extra burden (money and time) on the prospective migrant worker. The health checks are done without informing the persons for what they are tested. If they are not healthy and therefore not fit for employment (according to the import labour country rules) they are rejected. This practice is done without telling the prospective migrants of the reasons and without refer them to available treatment, care and counselling services at private or state hospitals, NGOs or support groups. Upon their arrival in the host country, migrant workers are tested again and then again every six or twelve months depending on the country. These involuntary checks prior to and after the departure represent constant violations of the rights of the migrants, which in the case of illness are not even referred to a treatment facility.

In order to address the social costs of migration, such as the neglect of children left behind, and enhance the developmental effect of migration the GoSL introduced welfare measures such as scholarships to children of women migrant workers. Scholarships' value depends upon the level of education: for children attending primary school the scholarship is Rs. 15,000. (i.e. about \$150), for secondary school is Rs. 20,000 (i.e. \$200) and for university students is Rs. 30,000 (i.e. about \$300). In the last ten years, the GoSL has dramatically increased the number of scholarships for children of migrant workers, from 157 in 1996 to 1761 in 2005 worth a total amount of Rs. 34 million (i.e. about \$340.000). Furthermore, the government has provided 11,577 different kits of school equipment for children of migrant workers worth more than 11 million Rs., in 2005.

¹³ Dias and Jayasundere, *op. cit.*, p. 10.

¹⁴ Migrant Services Centre, 2006, p. 34.

¹⁵ Dias and Jayasundere, *op. cit.*, p. 12.

¹⁶ Migrant Services Centre, 2006, p. 36.

2.2 Measures to reintegrate returnees

A central feature of Sri Lankan migrant workers is the temporary and circular nature of their employment. Workers are mainly recruited through G2G (government-to-government) programmes, or through recruitment agencies. Family reunifications to some European countries (such as Italy) and private sponsorship (which often hides a family reunification strategy or a smuggling attempt) are fewer and given the heavy costs of this kind of migratory project, migrants are less likely to return. Similarly, political refugees are less likely to return unless the political situation changes.

Foreign labour contracts are usually for two years, interspersed by a period of one year at home to prepare for future migration. Domestic workers/housemaids are recruited up to their forty-fifth birthday. Thus, migrants can usually go abroad 3-5 times in their life and come back at an age in which they are eager to find an occupation locally. While women return to their role of housewives, men have more difficulties in using their skills back in the village of origin.

Schemes for returnees have generally had little success. An attempt made after the Kuwait crisis to reintegrate the returnees aiming to create small enterprises ended in complete failure¹⁷. As in other loan schemes developed later on for migrant workers, the authority expected that a loan would make the migrant worker an entrepreneur. The lack of skills, motivation and the prospect of investing time and resources in a project that would provide in the very best situation an income close to that of a domestic worker in the Middle East, were the main reasons for the failure of these schemes.

The lack of entrepreneurial and management skills among low-skilled migrants is an aspect that should be taken seriously into account when dealing with programmes aimed at small business development. The loan schemes provided by the SLBFE in cooperation with the People's Bank and the Bank of Ceylon launched in 1999 are an example of how the government tried to provide an alternative to re-emigration. Interest rates were set at 8-9 per cent annually and were provided to NRFC (Non-Resident Foreign Currency) account holders with the aim to attract more foreign currencies to the bank's reserves¹⁸.

A study on the applications and utilizations of these loan schemes showed that the very low number of borrowers was due to a lack of information about the scheme, that many migrants did not have a NRFC, and that many could not provide the additional collateral requested by the banks¹⁹. Although women represent two thirds of the labour force abroad, they were particularly underrepresented among borrowers because of their significant difficulties in dealing with banks

¹⁷ Dias and Jayasundere, *op. cit.*, p. 29.

¹⁸ The state subsidised the schemes through the Welfare Fund, which is built up by a portion of the registration fees paid by migrant workers who are mostly unskilled and women, but the same rate was equally available to both high-income earners such as professionals and to low income earners such as domestic workers. These types of distortions should be probably eliminated in the future.

¹⁹ Leelangi Wanasundera and Savitri Jayasinghe, 2004.

and their lack of collateral (even if they possess land, the title may not be acceptable to the bank)²⁰.

During crises and sudden flows of returnees (such as the recent flow from Lebanon), the GoSL has ensured a safe return home. A Migrant Assistance Centre at Seeduwa in the proximity of the airport is an important initiative by the SLBFE to help forced returnees (sick, injured, repatriated, victims of exploitation).

2.3. Government measures to leverage remittances

Although it has recognized the role and importance of remittances for the stability of the economy, the GoSL has a *laissez faire* approach towards remittances and has avoided interfering in the transfer mechanisms. It is likely that this approach was not a conscious decision of the government or of the banks, but it was rather by *default*, i.e. a lack of comprehensive strategy towards migrant workers and returnee's savings.

There were initiatives by state banks to encourage savings with premium interest rates in foreign currency accounts but the limited use of financial institutions in Sri Lanka has prevented this proposal being successful. The existing gap between the migrant workers or their families and the financial institutions is an issue that should be addressed. Returnees and migrant workers have limited knowledge of financial institutions' services and the pre-departure training provided by the SLBFE offers very little information about how to manage a bank account. Conferences and seminars have been held to discuss this issue, but operational projects are not in place yet. The main issue is how to increase the flow of remittances into the formal banking channels, whereas little or nothing is discussed on how to attach other financial products to remittances.

Migrant workers preference to send remittances through MTOs or the Hawala system is also explained by the difficulties in dealing with banks both abroad and at home, and also by the lack of strategy of the banks to address these customers.

3. Country migration profile

Between 1.2 and 1.5 million people of Sri Lankan origin live overseas, either as temporary migrant workers or as permanent migrants. This represents between 6-7 per cent of the total population and about 15 per cent of the total labour force in 2005.

Migration streams from Sri Lanka have usually been divided into two periods: pre-1983 and post-1983²¹. Before 1983, thousands of students were in higher education overseas, many of which were young Tamil men searching for opportunities abroad due to the ethnic quota system in the home country limiting their admissions to local universities. Migration was directed towards the

²⁰ Leelangi Wanasundera and Savitri Jayasinghe, 2004, p. 46.

²¹ In the early XIX century the Sri Lankan government brought large numbers of South Indians to work in the plantation sector, until in the mid-1930s a saturation point was reached and growing unemployment put a ban on immigration, Gunasekera, 2006.

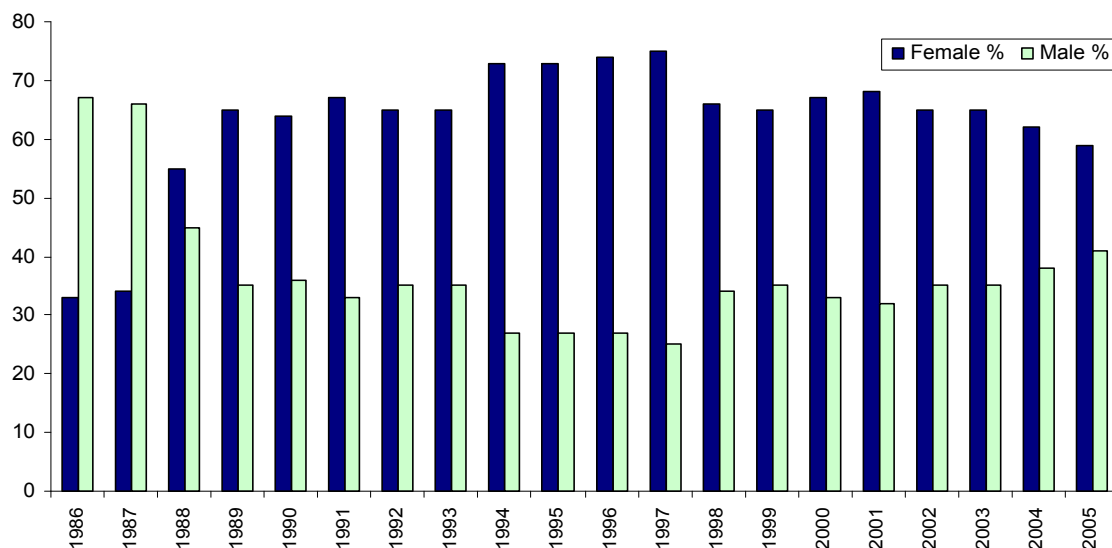
West (Britain, Canada), Nigeria and Papua New Guinea²². Today, about a fourth of Tamils live outside Sri Lanka²³. These flows were accompanied by the rise in demand for workers from oil producing Gulf countries after 1977, which was matched with the liberalization of the economy in Sri Lanka and the subsequent relaxation of regulation on travel abroad.

The second wave started in 1983 following the anti-Tamil pogrom, which left 3,000 Tamils dead²⁴. The situation of physical insecurity caused by military operations, destruction, displacement and casualties has pushed many professionals and middle-class Tamils to leave the country to find employment or claiming asylum. The other flows during this period were made up of workers seeking employment abroad due to better earning potential and a devalued rupee which made earnings abroad much more profitable, and pushed by a lack of employment opportunities at home. Refugees and asylum seekers were estimated to be 817,000 in 2001, found primarily in Canada, EU, India, United States and Australia.

3.1 Labour Flows Composition

In 2005, an average of 633 persons left the country every day for foreign employment, i.e. about 231 thousands people left the country, an increase of 7.6% compared to the previous year. The gender composition shows a strong participation of women. In less than a decade the trend was completely reversed: in the mid-1980s, only 33 per cent of migrants were female, whereas in the mid-1990s, women accounted for more than 70 per cent of total labour force employed abroad. In the 2000s a gender rebalancing took place, although women still represent about 59 per cent (see Graph 1).

Graph 1 – Departures by sex, various years



Source: own elaboration on data from SLBFE, 2005.

²² Sriskandarajah, 2002, p. 289.

²³ If IDPs are included the figure is likely to double, i.e. half of the ethnic Tamils are not living in their city or village of origin, Sriskandarajah, 2002, p. 292.

²⁴ Sriskandarajah, 2002, p. 290.

Gender-wise migration is not equally distributed across the various districts. As for departures in 2005, in the districts of Kurunegala, Kegalle, Anuradhapura, Galle, Kalutara and Kandy women were the majority of migrants, while in the districts of Batticaloa and Ampara on the east coast, the majority of migrants were men. In the districts of Colombo and Gampaha there was a more or less equal distribution between the genders (SLBFE, 2005: 28).

In terms of age of the migrant workers men and women present different features. Migrant women are generally distributed across the age groups, especially in the central ones between 25 and 44 years old, whereas among male migrant workers the largest groups are those of 20-29 years old (Table 2). This is probably due to the type of employment, young men tending to take industrial work, while women can work as domestic workers until a later age.

**Table 2 - Departure for Foreign Employment through all sources
by age groups and sex 2003 - 2005***

Age Groups	2003			2004			2005*		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
19 & below	891	2958	3849	1310	3375	4685	1665	2924	4589
20 - 24	13588	21425	35013	15537	21973	37510	19228	22354	41582
25 - 29	16127	28436	44563	17263	28187	45450	22145	26713	48858
30 - 34	13133	24594	37727	13209	23043	36252	15116	21828	36944
35 - 39	9915	2646	36375	10196	24942	35138	11411	24586	35997
40 - 44	7665	18866	26531	7662	18564	26226	8173	20731	28904
45 - 49	4346	7476	11822	4593	8000	12593	5158	10802	15960
50 & above	8830	5091	13921	2884	2108	4992	3174	3280	6454
Not Identified	13	32	45	8045	3818	11863	7895	378	11675
Total	74508	135338	209846	80699	13401	214709	93965	136998	230963

Source: SLBFE, 2005, *Provisional.

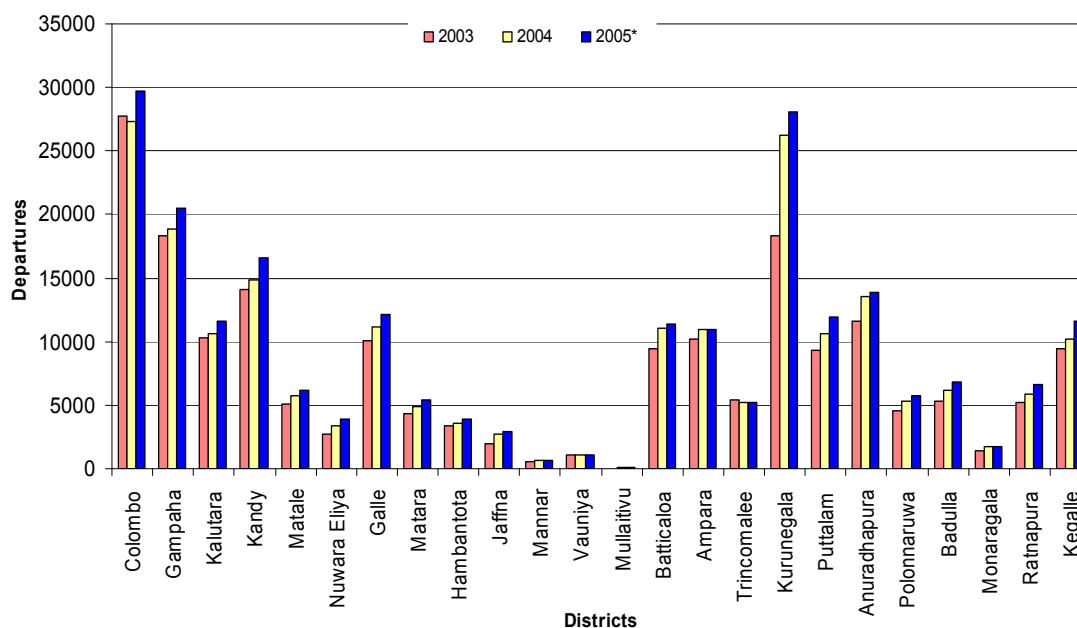
3.2. Origin of labour migrants

Migration from Sri Lanka is not a phenomenon based on specific geographical areas. The evolution of the flows in the last three years shows an increasing trend across the country (Graph 2). Migration from all districts has increased except Mannar and Trincomalee districts. Colombo, Kurunegala, Gampaha, Kandy, Anuradhapura are the major departure points with 47 percent of all migrants.

Departures for employment abroad were reportedly low from Mullaitivu, Mannar and Vavunia districts in the Northern Province of Sri Lanka. This data can be explained by both the fact that the districts in the northeast of the country are poorer and hence the possibility to migrate is less affordable, and also by the fact that the majority of inhabitants are ethnic Tamil and therefore more likely to migrate through channels other than the government's (Table 3).

In 2004, labour migration has also increased from the areas most affected by the tsunami, some of which are under the control of LTTE. The ongoing and intensifying civil conflict represents a strong push factor. Another explanation of the increased number of people leaving the tsunami struck Eastern districts can be related to the need to find an alternative livelihood strategy.

Departures for Foreign Employment by Districts 2001 - 2005*



Source: own elaboration on SLBFE, 2005.

Table 3 - Departures per Provinces and Districts, 2005

Total Departures : 230,963 - Of which (by province and districts)							
Provinces	Districts	No. of departures in 2005	% of total migrants	Provinces	Districts	No. of departures in 2005	% of total migrants
Western	Colombo	29724	12,9	Eastern	Batticaloa	11369	4,9
	Gampaha	20438	8,8		Ampara	10976	4,8
	Kalutara	11554	5,0		Trincomalee	5154	2,2
<i>Total</i>			26,7	<i>Total</i>			11,9
North Western	Kandy	16528	7,2	North Western	Kurunegala	28098	12,2
	Matale	6206	2,7		Puttalam	11916	5,2
	Nuwara Eliya	3920	1,7	<i>Total</i>			17,3
<i>Total</i>			11,5	<i>Total</i>			17,3
Southern	Galle	12103	5,2	North Central	Anuradhapura	13909	6,0
	Matara	5369	2,3		Polonnaruwa	5791	2,5
	Hambantota	3875	1,7	<i>Total</i>			8,5
<i>Total</i>			9,2	<i>Total</i>			8,5
Northern	Jaffna	2922	1,3	Uva	Badulla	6876	3,0
	Mannar	644	0,3		Monaragala	1749	0,8
	Vauniya	1115	0,5	<i>Total</i>			3,7
	Mullaitivu	148	0,1	<i>Total</i>			3,7
<i>Total</i>			2,1	<i>Total</i>			3,7
Sabaragamuwa	Ratnapura	6642	2,9	Not indicated		2392	1,0
	Kegalle	11545	5,0				
<i>Total</i>			7,9	<i>Total</i>			1,0

Source: own elaboration on SLBFE, 2005.

3.3. Main destinations of migrant workers

The main destination of Sri Lankan migrant workers is the Gulf region. In particular Saudi Arabia, Kuwait, United Arab Emirates and Qatar make up 80 per cent of total destinations in 2005 (Table 4). For migrants, especially for women, among the Middle East destinations, countries such as Qatar and Kuwait are preferred because of the more liberal customs in comparison to Saudi Arabia.

Table 4 - Major receivers of Sri Lanka migrant workers

	2000	2001	2002	2003	2004	2005
Saudi Arabia	33.68	36.24	35.11	36.26	33.2	32.95
Kuwait	18.46	19.08	20.53	18.41	17.12	15.63
UAE	18.01	15.37	16.14	15.40	15.32	15.72
Qatar	6.66	7.64	10.18	11.34	13.98	15.56

Source: SLBFE, 2005, p. 91.

Other important populations of Sri Lankan migrants can be found in Lebanon, Italy and Jordan (see Table 5). These figures do not include the large Tamil diaspora in Canada, Australia and other European countries, estimated to be several hundred thousand and this does not include the illegal and undocumented migration.

Permanent populations can also be found in South and East Asian countries such as the Maldives, Singapore, South Korea, Hong Kong and Malaysia. East Asian countries offer better paid jobs, sometimes up to 4-5 times the wages paid in the Middle East.

Table 5 - Estimated Populations of Sri Lankan Overseas Contract Workers by Country 2005

Country	Male	Female	Total
Saudi Arabia	141,085	239,701	380,786
Kuwait	35,267	166,860	202,127
UAE	68,889	102,669	171,558
Qatar	96,577	22,192	118,769
Lebanon	7,168	86,208	93,376
Italy	15,007	45,212	60,219
Jordan	8,333	42,594	50,927
Oman	9,025	31,001	40,026
Bahrain	6,810	24,577	31,387
Cyprus	3,960	13,485	17,445
Maldives	12,288	4,623	16,911
Singapore	2,682	13,209	15,891
South Korea	6,176	1,718	7,894
Hong Kong	304	2,649	2,953
Malaysia	2,507	1,049	3,556
Mauritius	392	930	1,322
Greece	391	424	815
Egypt	88	500	588
Seychelles	525	55	580
Libya	391	52	443
Africa	186	55	241
Pakistan	115	87	202
Israel	108	230	338
Syria	86	113	199
United States	107	32	139
China	110	31	141
Ireland	119	33	152
South Yemen	111	30	141
United Kingdom	61	114	175
Kenya	88	79	167
Others	1,970	325	2,295
Total	420,926	800,837	1,221,763

Source: SLBFE, 2005.

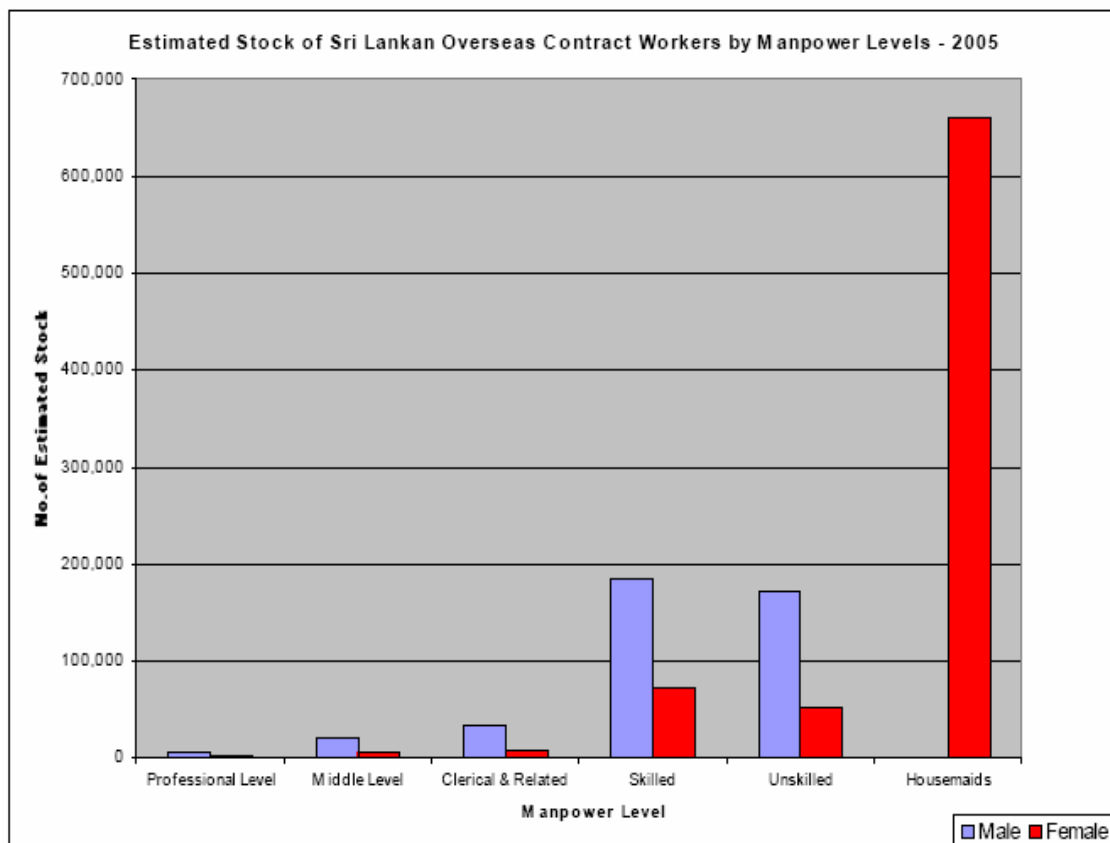
3.4. Migrant workers skills level

The skills level of Sri Lankan migrant labour is particularly low. The large majority of migrants are employed as domestic workers. Unskilled male workers are employed in garment factories, the construction sector, and in a variety of occupations in the hotel sector. The more skilled jobs, such as driver and carpenter, are particularly occupied by men (Graph 3).

These trends will be reinforced in the future due to the policy of the government to promote male migration for better paid jobs and limit somehow the negative effects of female migration on family welfare.

Migration of highly skilled professionals does not represent a major issue for Sri Lanka. The main brain drain occurred at the outset of the ethnic tensions and it was mainly Tamil professionals that left the country because of discrimination in the local labour market.

Graph 3 - Estimated Stock of Sri Lankan Overseas Contract Workers by Manpower Levels 2005*



Source: SLBFE, 2005.

3.5 Labour recruitment system

Recruitment of labour occurs through both Government-to-Government agreements, i.e. through quotas, and through deals between a labour importing country's private agencies with Sri Lankan private agencies.

For European Union countries, the quota system is often directly managed by the Embassies in order to keep a control over the recruitment system and labour selection system²⁵.

In 2005, there were 582 recruitment agencies in Sri Lanka officially authorized by the SLBFE (see Table 6). In March 2007, according to the national Sri Lankan association of recruitment agents there were about 800 agencies. Most of the agencies are located in Colombo. They help migrants with the paper work, the medical check, and sometimes offer them some basic language and skills training. The fee to the agency is in the range of \$400-500.

Table 6 - Number of Licensed Agencies (1985 - 2005)

Year	No. of Licenses issued	Stock as at end of the year
1985	10	139
1986	41	124
1987	27	115
1988	51	182
1989	30	192
1990	52	220
1991	64	237
1992	75	273
1993	47	250
1994	136	322
1995	183	477
1996	147	464
1997	109	520
1998	47	385
1999	70	431
2000	74	445
2001	99	528
2002	59	538
2003	49	524
2004	110	581
2005*	66	582

*Provisional Source: Licence Division - SLBFE
Information Technology Division - SLBFE

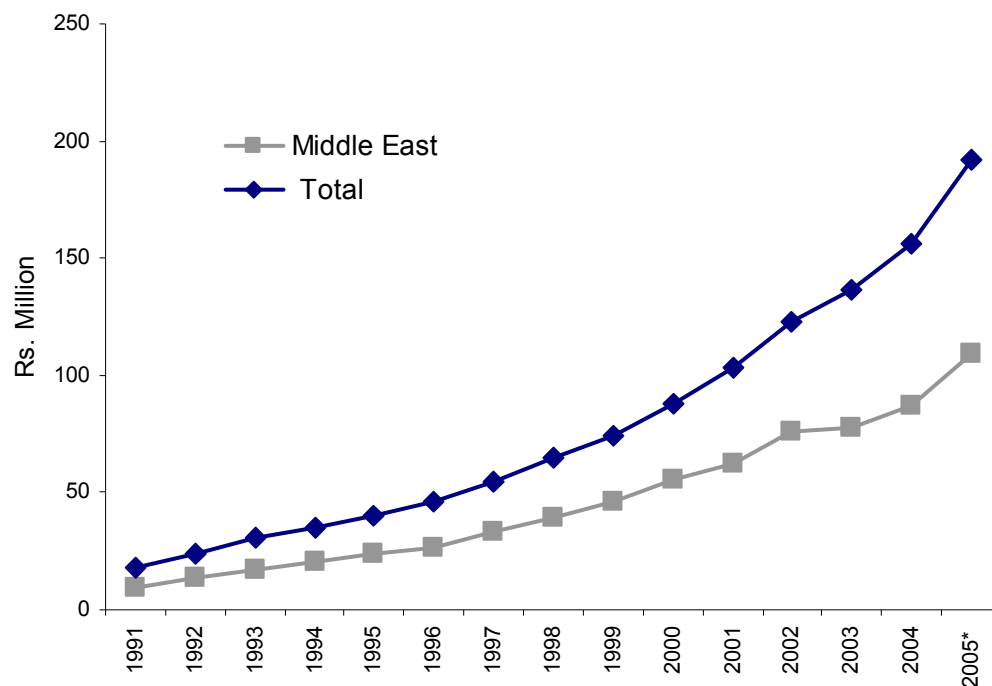
²⁵ There were scandals involving high officials of the government dealing with recruitment processes which created a certain lack of confidence in foreign governments when dealing with allocation of quotas.

3.6. Remittance Flows: Consistence, origin, formal and informal transfer mechanisms and utilization

Consistence

According to Lasagabaster *et al.* (2005) formal remittances to Sri Lanka have steadily increased from \$1.0 Billion in 1999 to \$1.3 Billion in 2004, representing 7 per cent of GDP, 20.7 per cent of the total remittances recipient household's income, or 3 per cent of the income of the average Sri Lankan households²⁶. At 67.7 US\$ per capita in 2003, workers' remittances to Sri Lanka are the highest in South Asia.

Graph 6 - Private Remittances (Rs. Million) 1991 - 2005*



*Provisional.

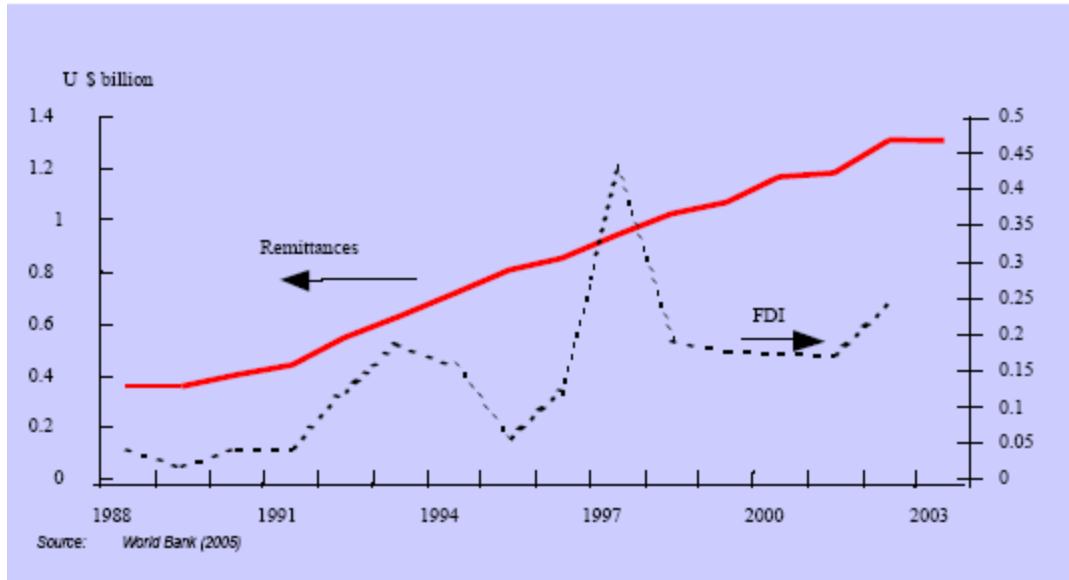
Source: own elaboration on data from SLBFE, 2005; based on data from Central Bank Annual Reports 1995-2005.

In comparison to other financial flows remittances to Sri Lanka are from 2 to 3 times higher than foreign direct investments (FDIs), twice than net receipts of foreign development aid, 25 per cent of export earnings, and more than tourism and tea industries (figure 1). These figures are very similar to other remittance-dependent developing countries.

More than half of remittances originate in Middle Eastern countries. A small share from European Union countries and the rest from East Asian countries.

²⁶ 2001/2003 households survey, quoted in Lasagabaster *et al.*, *op. cit.*, p. 1.

Figure 1 Sri Lanka: Formal Remittances Surpass FDI Inflows



Formal transfer mechanisms

The GoSL has recognized the importance of remittances for the Balance of Payments (BoP) and is currently addressing the issues together with the country's dense network of financial institutions in order to attract as much as possible the informal flows into the formal channels and reach the rural communities.

The Sri Lankan economy is a cash-economy and the rural areas have limited access to formal financial products²⁷. The spread of informal and very efficient system, despite the tightened measures implemented after 11 September 2001, is undermining the capacity of the formal banking sector to address the issue properly. According to the study by Lasagabaster *et al.* (2005) there are 22 licensed commercial banks that can perform foreign exchange transactions (table 7).

The Bank of Ceylon is the largest with a network of 330 branches island-wide of which 230 are online. Staff are deployed to Middle Eastern countries (Qatar, Bahrain, Doha, etc.), but apparently they are not as efficient in reaching out to migrant workers as some of the informal money transfer intermediaries (Marga Institute, 2006: 13). Interestingly, the study points out that the Bank staff's attitude is not friendly to customers and does not facilitate a speedy service.

²⁷ As an indication of this, there is one branch per 14,000 inhabitants (this should be at least 1:6000), an average Rs. 5,000 per capita were in circulation with individuals in mid-2004, only 4 cashless payment transactions per capita or approximately 25 per account per year, and 40 ATMs per 1 million inhabitants, Lasagabaster *et al.*, *op. cit.*, p. 5.

In addition to these, there is the Sri Lanka Post, the National Savings Bank and a private company, MMBL Money Transfer Ltd. which is a subsidiary of the Merchant Bank in Sri Lanka (Lasagabaster *et al.*, 2005: 5). Banks also offer some training schemes to prospective workers in rural areas or run radio program to make them aware of the existing services.

The presence of foreign banks in this business is quite limited. Other credit institutions such as micro-credit, exchange bureaus and credit unions are not authorized to deal in foreign exchange transfers. Money Transfer Operators (MTOs) are partnering banks, the leading one in Sri Lanka is Western Union, still considered by migrants the fastest and safest.

Table 7 - Remittances by Licensed Commercial Banks (million Rupees)

Institution	2002	2003	2004	2004
				(% of total)
Bank of Ceylon	741.8	772.0	881.4	56.4
People's Bank	183.3	208.9	232.7	19
Seylan Bank	102.5	129.0	147.5	9.4
Hatton National Bank	42.7	57.5	81.6	5.2
Comercial Bank	63.7	79.6	93.4	6.0
Sampath Bank	58.8	75.4	76.1	9
Others	92	91.6	51.2	3.3
Total	1,287.0	1,410	1,563.9	100.0

Source: Hettiarachi (2005) in Lasagabaster et al., 2005, p. 4.

The Post Office transfer remittances mainly from India and the UK, but it accounts for about 1 per cent of the total market, despite its outreach in rural areas. This is due mainly to its slowness (it takes up to four weeks to reach the beneficiary) and to a deficient system. On the other hand, electronically transferred remittances (through credit and debit cards) take 15-20 minutes and telegraphic transfers between 1 and 2 days.

When using banks, migrant workers remit through telegraphic transfers based on SWIFT messages, draft/checks drawn on banks, and international money orders issues by banks and post offices. The entry in the remittances market of private banks is also enlarging the range of products available, such as pre-departure loans used to pay the recruitment agency fee, the plane ticket and other costs (see Box 2). There is still no assessment on the use and impact of these instruments on the migrant's remittance behaviour.

Many domestic workers are used to sending their earnings through *cheques* by registered post, due to their employment circumstances, especially in the Middle East where they are confined to the home and have no access to banks (Marga Institute 2006: p. 23). In this case, the employers prepare and send the cheques for them.

Box 2
Financial Products and Services Offered to Migrants by Commercial Banks

- ♦ *Foreign currency accounts:* In order to induce inward remittances, the CBSL has permitted non-resident workers to open and maintain foreign currency accounts with authorized dealers. These accounts are known as “Non Resident Foreign Currency Accounts (NRFCAs)”. If the account is to be maintained by a beneficiary in Sri Lanka who is a resident, the proceeds of remittances received by him/her are permitted to be retained in an account entitled “Resident Foreign Currency Account (RFCA)”. Funds in both NRFCAs and RFCA can be freely used for any purpose in foreign exchange (in the case of residents other than for the acquisition of any real and financial assets abroad) and are free from income tax. These accounts offer competitive interest rates ranging from 1–2 percent over LIBOR.
- ♦ *Insurance:* Commercial banks arrange life insurance cover for migrant workers depositing money in a foreign currency account.
- ♦ *Minors’ accounts:* Migrant workers are permitted to open accounts for minors in foreign currency in the name of their children in Sri Lanka to enable them to enjoy the benefits of retaining money in foreign currency for their future use.
- ♦ *Loan facilities:* A migrant worker who remits money either to a foreign currency account or a rupee account is in a position to raise loans from authorized dealers for housing and other purposes at a low interest rate.
- ♦ *Pamphlets and advertisement:* Advertisements published in printed and electronic media and various pamphlets issued by authorized dealers not only give publicity on facilities extended to migrant workers but also transparency with regard to the cost of remittances and exchange rates.
- ♦ *Education program:* SLBFE jointly with the Ministry of Education conduct seminars and other educational programs to educate migrant workers, regarding banking facilities available for remitting monies to Sri Lanka and as to how such facilities should be utilized to maximize benefits on their earnings.

Source: Lasagabaster *et al.*, *op. cit.*, p. 6.

Informal transfer mechanisms

It is estimated by the World Bank that in the mid-1990s up to 45 per cent of remittances were sent through informal channels. The prevailing system used is the *Hawala (or undyila)*, which provides a very appealing door-to-door service to domestic workers and factory workers that are constrained in their movements by their working conditions.

In Sri Lanka, the civil conflict is also providing a good ground for the development of the informal system. There are areas in the Northeast of the country in which the financial system is less developed. The Hawala is also widely used by undocumented migrant workers. Prices change according to exchange rate fluctuations, discounts and premiums offered and charged depending on the volume of transactions, the relationship between agents and the place of destination. Usually, the cost is about 1-2 per cent, depending on the amount sent, which is considerably lower compared to the 15-20 per cent charged by Western Union and Money Gram.

Utilization

Migration in Sri Lanka is an extended family decision. The fund-raising for paying the cost of migration is made within the family as well as the selection of the person that will take care of the children. Before departure, the decision to whom remittances should be sent is also taken by the

family and usually the migrant's own mother, sisters or even in-laws (sister or mother) is chosen as the recipient. Women play a central role being both senders and receivers. Remittances are used for repaying the debt contracted upon departure (fee to the agent, fee to the SLBFE, travel expenditures, etc.), then for the daily livelihoods. If savings are available, they are used for the construction of a house. There are no comprehensive surveys on the patterns of remittance use, and the information available is based on anecdotes and interviews with stakeholders. There is little evidence on the use of remittances in small businesses. Collective mobilization of migration occurred during the Tsunami, when along the affected coast it was possible to see the banners of the projects of the various migrant communities abroad supporting the reconstruction process.

4. Identification of needs, demand and projects

The various stakeholders interviewed during the field mission have provided information on the possible areas of intervention and needs to be addressed. The existing literature, surveys and micro-studies on the relationship between migration and development have also revealed some of the key areas and priorities to be addressed.

4.1. Fighting illegal migration and promoting safe migration

This issue has been addressed, in particular, by the EU. During the interview with the staff at the EC Delegation to Sri Lanka, it was emphasised that actions should be taken to promote the functioning of the readmission agreement and to curb illegal migration. In Sri Lanka, the EU has focused on improving the migration management system and facilitating the return and the reintegration of Sri Lankan citizens²⁸. This was done through four projects of an overall amount of approximately € 5.1 million, which were implemented by the International Organisation for Migration (IOM) and the International Centre for Migration Policy Development (ICMPD) over a period of 5 years. The projects focused on strengthening the immigration and emigration systems and to combat illegal migration to and from Sri Lanka, while at the same time developing modalities for voluntary return to and reintegration into Sri Lanka, including information campaigns on the reintegration opportunities and assistance to the communities of those returning to better accept the returnees back into a productive life.

This focus is also reflected in the coming thematic programme where Sri Lanka will remain a priority country. In particular, the issues that are relevant for South and South East Asia, and that will be addressed in the coming thematic programme, are:

- To fight illegal immigration: promoting dialogue, capacity building, exchange of experiences and practices on this issue, including on border management aspects, and support the negotiation and implementation of community readmission agreement protocols;

²⁸ These are citizens who have either decided to come back home at the end of a period of labour migration in the EU or have been obliged to leave the EU as irregular migrants. On 4 June 2004, the Government of Sri Lanka and the European Commission, acting on behalf of EU Member States, signed a readmission agreement in Colombo. The agreement entered into force on 1 May 2005.

- To fight against smuggling and trafficking in human beings, through enhancing the capacity to promote information campaign, to prosecute the criminal organizations involved, and to provide adequate treatment and assistance to vulnerable categories, with the focus on victims of trafficking;
- To contribute to the protection of migrants against exploitation, mistreatment, racism and xenophobia, through promoting legislation and best practices in these areas raising awareness on migrant's rights and fostering dialogue and cooperation with other countries in the region. In this regard, the position of female domestic workers and children deserves to be addressed thoroughly.
- To address specific migration and development issues such as remittances and their impact on development;
- To foster protection and assistance to refugees, through raising awareness of the government on the international standards in the field of asylum, and supporting their implementation at national level.

There is a legitimate interest in promoting measures that prevent and curb illegal and undocumented migration, but at the same time, there is also a need to promote legal migration, contribute to safe migration, enhance migrant skills, harness the returnees' potential, etc. In each of these areas, the following section will underline some of the main needs and priorities and practical recommendations.

4.2. Promoting Legal Labour Migration

In the field of promoting legal labour migration, the emerging needs are related to *a)* the capacity building and skills enhancing of both prospective migrants and the institutions dealing with exporting labour (both private and public) and *b)* information and awareness on various subjects for the prospective migrant (health, working conditions, relatives left behind, management, remittances management, etc.).

a) Skills enhancing

Today, the international labour market sector in which most of the Sri Lankan manpower is marketed is low value, low paid and low skills market. Domestic workers in the Middle East countries learn little before departure and learn less while they are abroad. Furthermore, those skills are not very marketable in the home country upon their return, pushing them to find occupation abroad again. The GoSL is attempting to open to new markets for workers in factories in South Korea and Taiwan. The salaries are better paid and the particular demand is for semi-skilled machine workers. However, the demand from these countries is still limited. Similarly, the demand from European Union countries through the quota system is limited and does not enable forecasting.

Skills upgrading is the first and most urgent issue that need to be addressed. Professional training schools should be developed extensively only if based on a solid analysis of the needs of the foreign labour market and possibly thinking how the skills acquired can then be used locally upon return.

For example, the SLBFE has planned and got financing from the Government to build a school for nurses and auxiliary nurses following the announcement of the UK Government to import from Sri Lanka 100 nurses a year. It is expected that the school, built in cooperation with a local public hospital in Colombo, where doctors will provide the training, will be completed by end of 2007. The total budget, including infrastructures is about \$3.5 million. The training fee will be 2000 rupees per month (about \$20), while accommodation will be provided and food is subsidised by the state. The course for nurses will last three and half years, while the courses for auxiliary nurses will be implemented in modules of six months. It is therefore expected that the first group of 100 nurses will be ready to leave to the UK in mid-2010.

Government support to male workers is very limited. They are less targeted by training and protection schemes in a time where the GoSL is promoting male migration.

The SLBFE mandate and capacity remains constrained due to limited resources. Training curricula are outdated and short. The low educational level of the prospective migrant should be taken into account when preparing projects for skills enhancing.

The government is aware of the low road to human capital development represented by unskilled migration. The financial return from low skilled migrants is not very promising and the return from on-the-job training is similarly low for the home country.

There is wide scope for intervention in promoting vocational and professional training schemes that are based on a careful analysis of the skills needs in labour importing countries.

The role of local and international NGO's has been proved effective, especially if connected to the promotion of linkages with the industrialized countries formal manufacturing sector.

b) Information and awareness

Information and awareness are not yet given the proper importance in the labour export business. To enhance the positive effects of migration and reduce complaints and expenses related to unwanted returns, information and awareness campaigns should be given priority. Issues such as the importance of good health for individual protection and security at work are not addressed effectively. Projects should provide support to include these in the training curricula.

A focus on health also needs to upgrade the pre-departure orientation of the SLBFE and of the courses provided by the recruiting agencies. Similarly, welfare officials and embassy staff abroad should be given specific training on these topics.

NGO's and migrant workers associations should work on developing more educational and awareness raising programs for both documented and undocumented migrants and their families.

At the policy level, the National Health Policy should be extended to provide for protection of migrant workers (documented and undocumented), prevention and care of migrant workers in areas of HIV/AIDS, TB and enabling access to generic drugs and antiretroviral treatment. Projects should provide technical assistance to the government in formulation of a policy and to hospitals and health centres for providing adequate health care to prospective migrants and to returnees (CSM, 2006: 39).

4.3. Promoting safe migration

The existence of the SLBFE is a good starting point for the promotion of safe legal migration and to link temporary work contracts abroad with welfare schemes at home.

The number of complaints and accidents involving domestic migrant workers demands more awareness campaigns on the risks and threats that female migrants especially can face during their contract abroad. Equally important is the absence or non-application of labour codes protecting foreign domestic workers in many Middle East countries. Technical assistance and a dialogue on these issues should be promoted to both sending and receiving countries. High-level official conferences and exchanges in this direction could be useful.

The IOM projects in the field of capacity building of public servants and immigration/emigration authorities are good instruments for fighting illegal migration and reducing migrants' vulnerability. However, the field of safe migration should be more connected with the promotion of campaigns on the risks of illegal migration and trafficking and on the services offered by the SLBFE in the rural areas where migrants originate.

Other issues such as the welfare provisions of the family left behind, such as pre-school and day-care for young children and vocational training for adolescents should be strengthened for both families with and without a member working abroad²⁹.

4.4 Promoting livelihoods, entrepreneurship and returnees training

Studies have identified needs to provide income-generating activities in rural areas such as small non-agricultural enterprises and agricultural extension services directed specifically at women, and also programmes to increase access to both formal and vocational training education³⁰.

Most of the livelihoods projects are designed to provide safety nets to IDPs, especially in the poorest areas of the Northeast and in the areas affected by the civil conflict, and on the East coast. There are promising areas of intervention in the field of agricultural crop diversification, such as the introduction of organic tea and coffee for individuals and cooperatives. International NGO's, as Helvetas, are already providing technical assistance for the certification of production³¹.

²⁹ Migrants households are excluded from poverty alleviation programmes at village level because remittances increases their income and make them ineligible for the "Samurdi", i.e. the Government anti-poverty scheme.

³⁰ Ukawatta, *op. cit.*

³¹ Personal communication with Helvetas coordinator in Sri Lanka.

Others such as GVC-Italy are providing technical support to form farmers cooperatives with good results that can be replicated in other deprived areas³².

In the field of returnees and entrepreneurship, the local NGO “Centre for Migrants Service” has provided several interesting actions. In Sri Lanka, the temporary labour migrant is likely to depart for another contract abroad after one or two years in the home country. Therefore, any project or measures targeting returnees must take into account the whole migratory project.

Projects involving returnees in small-scale enterprise development through loan schemes have failed because the re-migration was more profitable and because they lacked the necessary skills to run a small company. Therefore, in micro-credit or support services to small enterprises involving returnees it is advisable to target people at the end of their migratory project, usually when they are 45 years-old³³. Adequate marketable skills, know-how and access to support services are needed to provide returnees with the minimum conditions for commencing self-employment upon their return. Credit is just one of the inputs.

4.5 Enhancing remittances positive role

The importance of remittances and their leverage for development initiatives are limited by an inefficient financial system. The lack of integration between the existing institutions, highlighted by the presence of different payment system platforms and standards for clearance, a limited electronic infrastructure, the inability of banks to use the post office network for remittance cash disbursements, the lack of cooperation with microfinance institutions, are all major obstacles towards a better formal remittances market. Furthermore, until now in Sri Lanka, differently from other countries in which these issues have been tackled earlier and more vigorously by the financial system, the financial products offered to migrant workers and their family members left behind are quite limited. Therefore, any instrument to increase the financial literacy of migrant workers will fall into a vacuum if misjudgements and negative perceptions of banks are not reduced and if an efficient and stronger consumer protection system is not introduced.

Returnees may be interested in post-migration savings, investments and pension schemes. The financial institutions can develop instruments to satisfy these needs, but experiences in Sri Lanka have demonstrated that without a proper capacity building of their staff and an efficient outreach system the chances of success are limited.

Regarding the efforts and needs to channel remittances through formal channels, one should not forget that the situation in the tsunami affected areas, especially those under the influence of the LTTE in the northeast of the country, could have been far worse without the quick remittances sent through the informal transfer mechanisms³⁴. In particular the Tamil communities abroad who have relied on this method, called *undiyal*, both individually and in collective forms through villages associations (about 300 only in Canada) and Alumni Associations³⁵.

³² Personal communication with Dina Taddia, GVC desk officer for Sri Lanka.

³³ Personal communication with David de Soysa, director of the Migrant Service Centre, 8th March 2007.

³⁴ Priya Deshingkar and M.M.M. Aheeyar, 2006.

³⁵ Cheran and Aiken, 2005.

5. Identification and analysis of Good Practices: the Case of the Migrant Services Centre in Dehiwala

The Migrant Services Centre (MSC) is a Service Organization established in 1994 by the Migrant Services Centre Trust of the National Workers Congress (a local trade union) which is part of the World Confederation of Labour based in Brussels. The MSC provides legal support to migrants, information and counselling to migrants' households and alternatives to migration such as loans for micro-business development³⁶.

1. Impact of the project in Sri Lanka

The project has had a strong impact in the advocacy of migrant rights at the national and international level. The MSC has worked to promote the vote of Sri Lankan nationals abroad and launched various initiatives to promote workers' rights. At present, the MSC is promoting awareness campaigns on preventive health and on risks associated with unsafe migration.

There is no thorough assessment of the results achieved with the micro-credit scheme for the creation of small enterprises. However, during the interview it emerged that some are very successful, such as the one providing catering to factory workers, however most returnees lack the necessary motivation and entrepreneurial skills.

2. Environmental Dimension

There is no particular environmental issue included in the formulation of the strategy of the MSC or in the projects supported through the micro-credit scheme.

3. Added value for the local/national endogenous development

The added value of this practice is defined by the strong contact with the territory, both in Sri Lanka and in the main destination countries, and with the strong advocacy role that it has gained over the years. The MSC has the capacity to mobilize the migrant workers voices in Sri Lanka through the publication of newsletters and the participation in radio and television programmes made by migrant workers and members of their households.

4. Economic Dimension

The economic dimension of this project is rather limited. The project has been running with a grant from Norai (the Norwegian Development Aid Agency) and then by CIDA (the Canadian Development Agency) with about \$50,000/year. The Network Caramasia has also provided some

³⁶ Personal communication with David Soysa, 7 March 2007.

support to cover the infrastructural and personnel expenditures during the years. The specific projects (campaigns, micro-credit, etc.) are implemented according to the funds available. Though small, the project presents potential for development and expansion.

5. Cost Efficiency and Effectiveness. A balance of the costs needed to realize the project

The project has demonstrated so far to be very efficient in reaching out to migrant workers and their families and prospective migrants during awareness campaigns on their rights and very effective with the resources available.

6. Organizational Dimension

The MSC has three officers in the Dehiwala headquarters (about 20 kilometres from Colombo) and six officers in the field. The CSM has organized migrant workers into several local Migrants Associations and Domestic Women Workers Associations, each having their own resources and staff to organize awareness campaigns for prospective migrants and undertake advocacy campaigns to protect migrant workers.

7. Institutional dimension at local and national level

The MSC is a non-profit organization, which is based in Dehiwala but has a network of local migrants' associations diffused all over the territory whose members are former migrants. The connection with the World Confederation of Labour assures a very international projection of its activities and provides a powerful international platform for the advocacy campaigns.

8. Time Horizon

During its lifespan, the MSC has become the focal point for the migrants' rights and information centre. In the future, the MSC wants to engage in income generation activities as alternatives to migration. In the field of health prevention programs the MSC has also developed an expertise over the years which will be strengthened by focusing on HIV/AIDS prevention and awareness campaigns.

9. Valorization of Diversities

The organization provides support to both domestic women workers and to male migrants.

10. Adaptability

The project can easily adapt to different opportunities and changes. It has a small and flexible structure and can rely on the support of many associations in the territory. Depending on the funding opportunity the MSC can expand easily.

11. Participation

It was not possible to assess the level of participation of the different stakeholders in the MSC activities.

12. Transferability

The project is easily replicable in other contexts similar to Sri Lanka, although the presence of a strong leadership is both a limiting factor and a strength of this initiative.

13. Limits and Development

The limits that the MSC face are related to the discontinuity in funding and with the difficulty to work with former migrants that have not “ended” their migratory project. In fact, in Sri Lanka migrants usually go abroad for two years to work as domestic or factory workers then come back and leave again after one or two years. Therefore, a central factor for assuring the sustainability of income generation projects supported by the micro-credit schemes is the age of the people involved. The experience has demonstrated that people that completed their migratory project (at the age of around 40-45) have more chance to succeed in their micro-business than younger ones.

6. Conclusions

The Operationalization of Migration & Development in Sri Lanka is a challenging though promising area of work for public and private, national and international, profit and non-profit actors alike.

The ongoing civil conflict is a factor that is significantly influencing the government’s development policy. The international donors are trying to limit the negative effects produced by the neglect of large areas of the country by concentrating the efforts in the areas occupied by the Tamils.

Another factor that has largely determined the priorities of the development aid was the tsunami in December 2004. The large amount of funds received have sometimes challenged the expenditure and coordinating capacity of the local governments and often created situations of projects overlapping.

As a result, these two factors have distorted the attention given to other poor areas in both the urban and rural parts of the country from which most of the migrants originate. Migration in Sri Lanka is one of the most important sources of income and macroeconomic stability. Yet, its developmental and positive effects are not being fully embraced by government strategy.

As highlighted in the report, there are many areas of intervention. These range from promoting skills upgrading and safer migration, developing safety nets and welfare provisions to job creation for returnees.

International and local NGO's have a major role to play in the areas of professional training, job creation and income generation activities, livelihoods promotion, awareness and information campaigns on health, rights, protection and remittances management. International organizations can find a large scope of intervention in the field of support to the policymaking process and technical assistance to the government in promoting legal migration and protection of the workers abroad.

Clearly, it remains necessary to support the integration of the new interventions with the existing ones with the twofold aim of introducing and mainstreaming a migration dimension into the ongoing livelihood projects in the North Eastern and Eastern parts of the country and of promoting viable alternatives to low-value labour exporting strategies.

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ANNEX 1

Overview of EC's Assistance

Total EC grants to Sri Lanka 2000 – 2006 (€ mio)

	2000	2001	2002	2003	2004	2005	2006
ECHO	1.2	1.2	6.3	8.8	7.3	37.7	20,0
ALA				1.976	13.15		
ALA - Small Projects Facility				1.6			
ALA - EU-Sri Lanka Trade Development project				1.4			
Aid to Uprooted People	1.52		7.25	4.5	4.5	6	10
EIDHR		0.495				0.490	0,375
NGO Co-financing	1.246	0.909	0.484	0	0	0.747	1,423
Rehabilitation			2,0		3.399		
Rehabilitation - tsunami						45	50
APL				0.8	1.239	1.3	
Migration		1.946	0.507	0.892		1.873	
Food Aid Counterpart Funds			0.7	7.3			
RRM			1.298	0.92		2.3 (tsunami)	1,650
Total	2.720	5.929	16.964	28.672	29.588	95.410	83.448

Grand total 2000 - 2006: € 262,731 million

Annexes 2 - Calendar of Meetings in Sri Lanka

ORGANIZATION	PERSON AND POSITION	DAY
EC Delegation	Peter Maher, Head of Operations, Mariam Homayoun, Development cooperation Advisor, Zahara Piñero Lozano, Programme Manager, Roshan Yman, Economic & Trade Advisor, Karolina Hedström, Programme Manager Human Rights & Governance	Tuesday, March 6th
CENWOR	Ms. Leelangi Wanasundera, Board Member & Swarna Jayaweera	Tuesday, March 6th
Helvetas	Mrs. Sylvaine Reig	Tuesday, March 6th
Migrant Services Centre – NWC	Mr. Gamaethige David De Soysa	Wednesday 7th
ILO Sri Lanka	Tine Staermose, Director; Shafinaz Hassendeen, Senior Programme Officer	Wednesday, March 7th
EC Delegation	Roshan Lyman, Economic and Trade Advisor	Wednesday, March 7th
Sri Lanka Bureau of Foreign Employment	Mr. Harischandra Batagoda & Mr. W.M.V. Wansekera, Deputy General Manager	Thursday, March 8th
IOM	Mr. Christopher Gascon, Director; Annie E. Scarborough, Senior Programmes Coordinator; Shantha Kulasekera, Head-Migration Unit National Programme Officer	Thursday, March 8th
GVC	Dina Taddia, Desk Officer for Sri Lanka (Telephone interview)	Monday, 12 th March 2007
Italian Embassy	Pio Mariani, Ambassador	Friday, March 9th
Italian Embassy	Gian Pietro Testolin, Cooperation office director	Friday, March 9th
WDC	Pearl Sthepens	Thursday 8th
SA.SASE Enterprises	Anton George Kapurubandara	Friday, March 9th
Association of Licensed Foreign Employment Agencies (ALFEA)	Al Hai U.T.M. Anver	Friday, March 9th